

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00 DODE-00

EB-08 FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00

NSC-05 OMB-01 PM-04 USIA-15 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-10 EUR-12 PA-02 PRS-01 EA-09 /136 W

-----111318Z 124210 /50

R 111131Z MAR 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1843

INFO USDOC WASHDC

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 3564

DEPT.PLEASE PASS TO USBURMINES

E.O. 11652: N/A

TAGS:ENRG, EMIN, IN

SUBJECT: INDIA'S COAL EXPORTS TO INCREASE

1. INDIA CONTINUES TO FIND NEW MARKETS ABROAD FOR ITS VARIOUS GRADES OF COAL. IN ADDITION TO BELGIUM, DENMARK AND FRANCE, INDIA HAS RECENTLY ADDED ITALY, NETHERLANDS AND WEST GERMANY TO ITS LIST OF EEC IMPORTERS. ALTHOUGH MOST OF THESE SALES HAVE SO FAR AMOUNTED TO ONLY TOKEN SHIPMENT, ITALY HAS AGREED TO IMPORT 200,000 METRIC TONS (MT) AND FRANCE 500,000 MT DURING THE COMING YEAR, ACCORDING TO RECENT PRESS REPORTS. NEGOTIATIONS FOR THE SALE OF INDIAN COAL TO NEIGHBORING PAKISTAN WERE ALSO RECE-

NTLY FINALIZED WITH AN INITIAL SHIPMENT OF 13,500 MT. ANOTHER BREAKTHROUGH DURING IFY 1976/77 (APRIL 1-MARCH 31) CAME WITH THE EXPORT OF COAL TO TAIWAN FOR THE FIRST TIME AND EFFORTS ARE NOW BEING MADE TO PINDOWN LARGER COMMITMENTS FOR THE COMING YEAR ASWELL AS ADD NEW CUSTOMERS SUCH AS JAPAN. UNTIL THE BEGINNING
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OF 1976 EXPORTS HAD BEEN CONFINED FOR THE MOST PART TO BANGLADESH BURMA AND NEPAL, THE TRADITIONAL BUYERS OF INDIA COAL.

2. BASED ON THE GOI'S DEPARTMENT OF COMMERCE STATISTICS, EXPORTS DURING THE FIRST 10 MONTHS OF 1976 (JANUARY-OCTOBER) AMOUNTED TO ONLY 380,265 MT VALUED AT RS. 107.14 MILLION DOLS12 MILLION BASED ON RS. 8.80 EQUAL TO DOLLAR 1.00, BUT

ARE EXPECTED TO REACH ABOUT 800,000 MT DURING 1976/77, COMPARED TO 421,000 MT DURING 1975/76, RISING TO ABOUT TWO MILLION MT DURING 1977/78. THE VOLUME AND VALUE OF EXPORTS BY COUNTRY FOR THE 10-MONTH PERIOD JANUARY - OCTOBER 1976 ARE AS FOLLOWS:

	QTY. (METRIC TONS)	VALUE (RS. MILLION)	AVERAGE FOB PRICE PER MT RS. DOLS.
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TOTAL	380,265	107.14	282 32.1
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A. BITUMINOUS (HIGH VOLATILE)	354,754	97.74	276 31.4
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BANGLADESH	241,030	75.17	312 35.5
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BELGIUM	16,073	2.17	135 15.3
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BURMA	35,197	9.95	283 32.2
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FRANCE	23,042	3.21	139 15.8
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NEPAL	435	0.13	299 34.0
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TAIWAN	38,977	7.11	182 20.7
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B. OTHER COAL	7,208	0.78	108 12.3
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NEPAL	7,208	0.78	108 12.3
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C. HARD COKE

	18,303	8.62	471 53.5
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BANGLADESH	2,246	1.43	637 72.4
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BURMA	13,509	6.18	458 52.1
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IRAQ	1,300	0.87	669 76.0
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NEPAL	1,248	0QR	112 12.7
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3. THE TARGET OF TWO MILLION MT FOR THE COMING YEAR WOULD APPEAR TO BE EASILY WITHIN REACH WITH THE EXPECTED COMMISSIONING OF HALDIA PORT DURING THE LATTER PART OF THIS MONTH. THE PORT RECENTLY UNDERWENT ITS FIRST TRIAL LOADING OF COAL. HALDIA WITH ITS MECHANIZED COAL HANDLING FACILITIES HAS BEEN DESIGNED FOR AN ANNUAL LOADING CAPACITY OF 3.5 MILLION MT WITH A POTENTIAL OF 5 MILLION MT. TO DATE, PARADEEP HAS BEEN THE PRINCIPAL COAL EXPORT PORT FOLLOWED BY CALCUTTA. COAL INDIA LIMITED (CIL) HAS

EARMARKED 14 COLLIERIES -- 12 IN THE EASTERN COALFIELD REGION AND 2 IN THE CENTRAL COAL FIELDS FOR THE EXPORT OF COAL DUE TO THEIR PROMINITY TO THESE PORTS.

4. COMMENTS: ALTHOUGH THE VALUE OF COAL EXPORTS AMOUNTED TO ONLY RS.169 MILLION (DOLS20 MILLION) DURING 1975/76, WE ANTICIPATE COAL BECOMING AN INCREASINGLY IMPORTANT SOURCE OF FOREIGN EXCHANGE THIS AND SUBSEQUENT YEARS. AT THE SAME TIME, HOWEVER, WE DO NOT FORESEE EXPORTS OVER THE NEXT SEVERAL YEARS HAVING ANY APPRECIABLE IMPACT ON EXISTING COAL STOCKS OR PRODUCTION TARGETS. PITHEAD STOCKS WHICH HAVE REMAINED AT APPROXIMATELY 12 MILLION MT THROUGHOUT THE PAST 12 MONTHS, HAVE PROBABLY BEEN THE KEY FACTOR IN HOLDING THIS FISCAL YEAR'S PRODUCTION AT AROUND THE 100-MILLION MT LEVEL OR CLOSE TO LAST YEAR'S OUTPUT DESPITE THE GOI'S EFFORTS TO INCREASE EXPORTS AND THE DOMESTIC OFFTAKE OF COAL. A 10-YEAR PERSPECTIVE COAL PLAN (1976/77-1985/86) BY CIL REFERRED TO AS "PROJECT BLACK DIAMOND"ENVISAGES UNCLASSIFIED

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INDIA'S TOTAL COAL PRODUCTION EXCEEDING 200 MILLION MT BY 1985/86. HOWEVER, THIS TARGET APPEARS QUITE AMBITIOUS AND IS VERY LIKELY TO BE SCALED DOWN. THE GOI HAS YET TO SANCTION THE COAL PLAN.SCHNEIDER

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Decaption Note:
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Disposition Approved on Date:
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Disposition Reason:
Disposition Remarks:
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